



My name is Lisa Martin, and I am here on behalf of the California Taxpayers' Association. Thank you for the opportunity to share our concern about the Climate Action Report – Specifically, I'm here to oppose proposed public goods charge.

As drafted, this 2.5 cent tax would be imposed on every gallon of gasoline sold in California. California already has the **third** highest gasoline taxes in the nation. Raising gasoline taxes even higher would hurt consumers, businesses and our economy. Annually this tax would cost drivers and businesses **\$455 million a year**.

Increasing gas taxes will make it even more difficult for California companies to compete in the world market and put more jobs at risk.

While the proposal may call it a "**public goods charge**," we consider it to be a **hidden gas tax**. A tax is an enforced payment authorized by law to raise revenue for a governmental or public purpose.

However, by masquerading this tax as a "charge," the proposal attempts an end run around the 2/3's legislative vote requirement on what is clearly a tax.

This proposal also directly conflicts with the wishes of 69% of the voters who passed Proposition 42, the constitutional measure which directs the Legislature to spend gasoline sales taxes on highway and transportation projects.

In addition, the proposal ignores California's business community's commitment to greenhouse gas reduction and investment of billions of dollars in cogeneration, cleaner-burning fuels, and alternative energy technologies. Higher taxes could have a chilling effect on future investments and job creation in these sectors.

Most importantly, this proposal cannot be considered in a vacuum. Given the economic struggles still facing our state and the numerous discussions about multi-billion dollar infrastructure bond measures, the timing of this proposal is simply wrong. History shows increasing taxes only slows the economy down and compounds the burden of debt. An overall thoughtful approach is critical in handling the budget and funding our infrastructure needs.

To get the most from taxpayer dollars, California must manage state spending in a disciplined manner by allocating resources to priority needs, and measure outcomes and cost effectiveness while eliminating fraud and out-of-control spending. To fund our state's needs, nothing produces a larger infusion of cash than an improved economy. A 2.5 cent gas tax will do nothing to help turn our economy around.

In conclusion, enacting new hidden gas taxes would have far reaching negative economic consequences on our state's recovery which is why the California Taxpayers' Association hopes you will reconsider this proposal.

Thank you for your consideration.

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